

Governing Board Strategic Planning and Service Level Discussion

March 9, 2011

I know it seems like it's come on us pretty fast, but...



Like it or not...

it's time to start the budget process!



Strategic Planning vs Service Levels

- Given current direction, (25% reduction for FY 12 & 13) a streamlining of the current strategies for the two year period is recommended.
- The discussion that follows is a high level look at:
 - High Level policy issues that will help guide the construction of the FY12 annual work plan and detail budget.

Policy Issues:

- Existing Construction Projects
- Restoration planning
- Mandated vs. Non-Mandated
- Revenues and Reserves
- O & M Capital
- Internal administrative support costs



Existing Construction Projects



Existing Construction Projects

- Recommended General Policy Direction: Continue the construction for projects which have already been issued a notice to proceed and for which funding is fully in place.
- Review all other projects.
- No new starts for FY 12 and 13 unless directed by Governing Board
 - in conjunction with the amended determination or
 - Projects where construction and operations may be entirely or significantly funded by non-District funding sources

- Lakeside Ranch STA Phase I



Lakeside Ranch STA - Phase I



Project	Cost	% Complete	Projected Complete
Lakeside Ranch Phase I	\$38M	47%	December 2011

C-111 Spreader Canal Project



C-111 Spreader Canal



Project	Cost	% Complete	Projected Complete
C-111 Spreader Canal	\$37.5M	81%	July 2011

Biscayne Bay Coastal Wetlands – Deering Estates

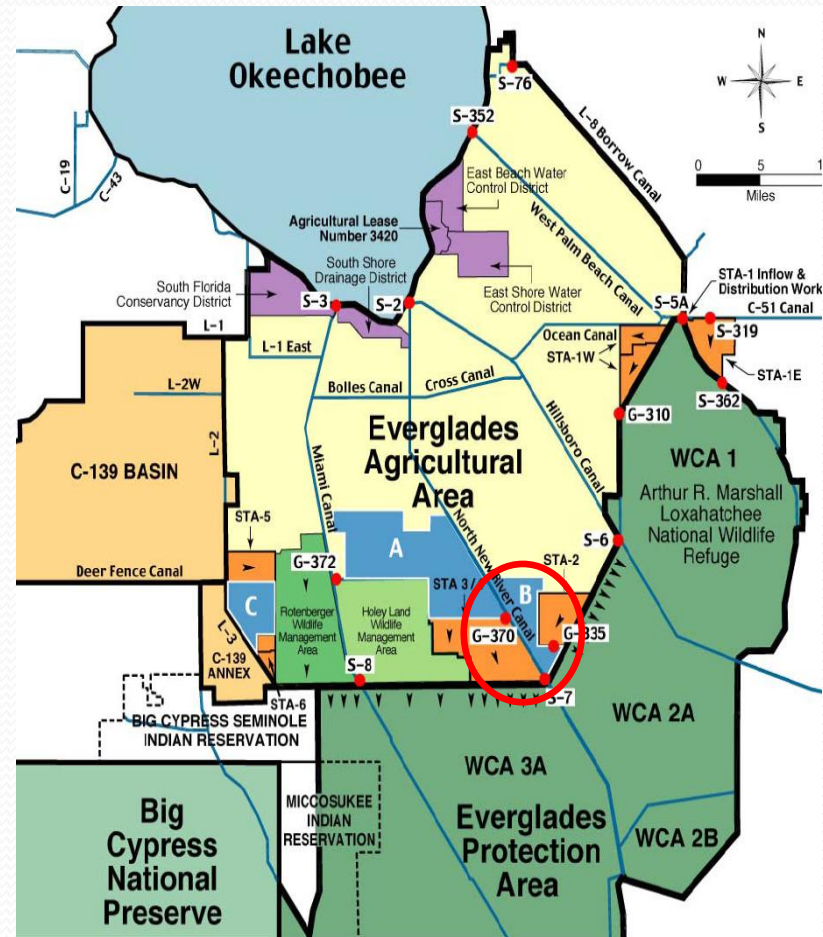


Biscayne Bay Coastal Wetlands Deering Estates



Project	Cost	% Complete	Projected Complete
Biscayne Bay Coastal Wetlands I	\$5.3M	69%	September 2011

Compartment B STA



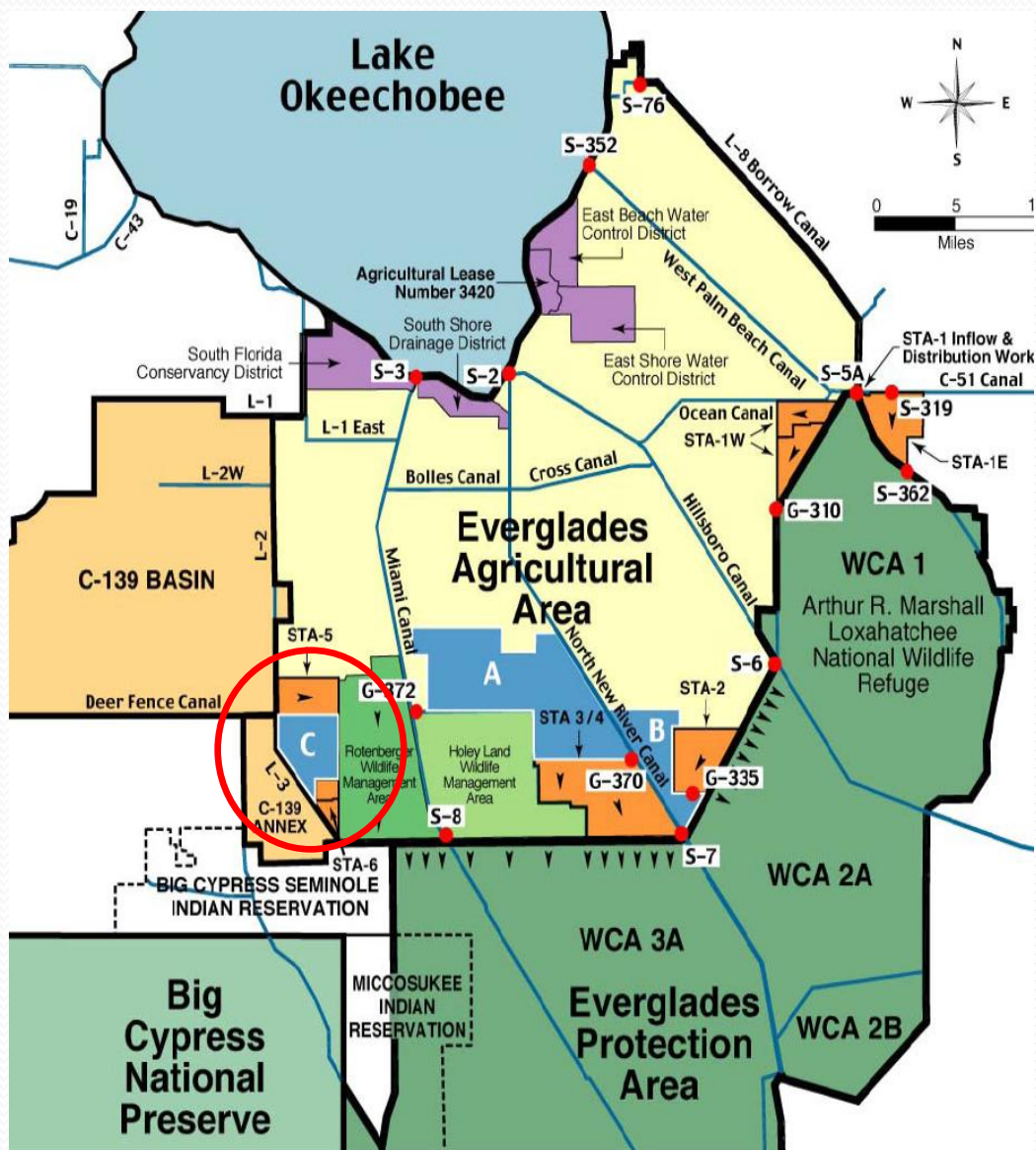
Compartment B STA



Project	Cost	% Complete	Projected Complete
Compartment B STA	\$170M	75%	February 2012

Flow capable in December 2010

Compartment C STA



Compartment C STA



Project	Cost	% Complete	Projected Completion
Compartment C	\$205M	72%	December 2011

Restoration Planning



Measure Twice, Cut Once!

Restoration planning

- Planning Implementation Reports (PIR) are developed jointly by the Army Corp of Engineers and the local sponsor



- PIRs are required to obtain Congressional “authorization” for construction. (1st act of Congress)



- Authorization is required for Federal “Appropriation”. (2nd act of Congress)



- Both authorization and appropriation are necessary to sign a Project Partnership Agreement (PPA). It is the PPA that sanctions crediting of any previous local sponsor expenditures (e.g. land acquisition or expedited construction)

Restoration planning

- The CERP includes 68 project components that were expected to be implemented over a 35 year horizon
- PIRs have been completed for the following projects:
 - Indian River Lagoon – South Project (including C-44 Reservoir and STAs)
 - Site 1 Impoundment
 - Picayune Strand Restoration
 - Melaleuca Eradication and Other Exotic Plants - Implement Biological Controls
 - C-43 West Basin Storage Reservoir
- PIRs are currently underway for six other projects

Restoration Planning

- Continued efforts for the next two years is recommended for PIRs that fall in the following two categories:
 - Category One – PIRs that:
 - Are substantially complete and
 - The District has limited responsibilities for the remaining work, and
 - The projects are anticipated to be in a foreseeable Water Resources Development Act (WRDA Bill);
 - PIRs anticipated to go forward under this category include: Broward WPAs, C-43 Reservoir, Biscayne Bay Coastal Wetlands, and C-111 Spreader Canal Project

Restoration Planning

- Category Two – PIRs that:
 - Provide significant cost share crediting benefits by recognizing previous District expenditures.
 - Projects anticipated to be included in Category Two include:
Loxahatchee River Watershed Restoration



Mandated vs. Non-Mandated

Must Do?...
Could Do?



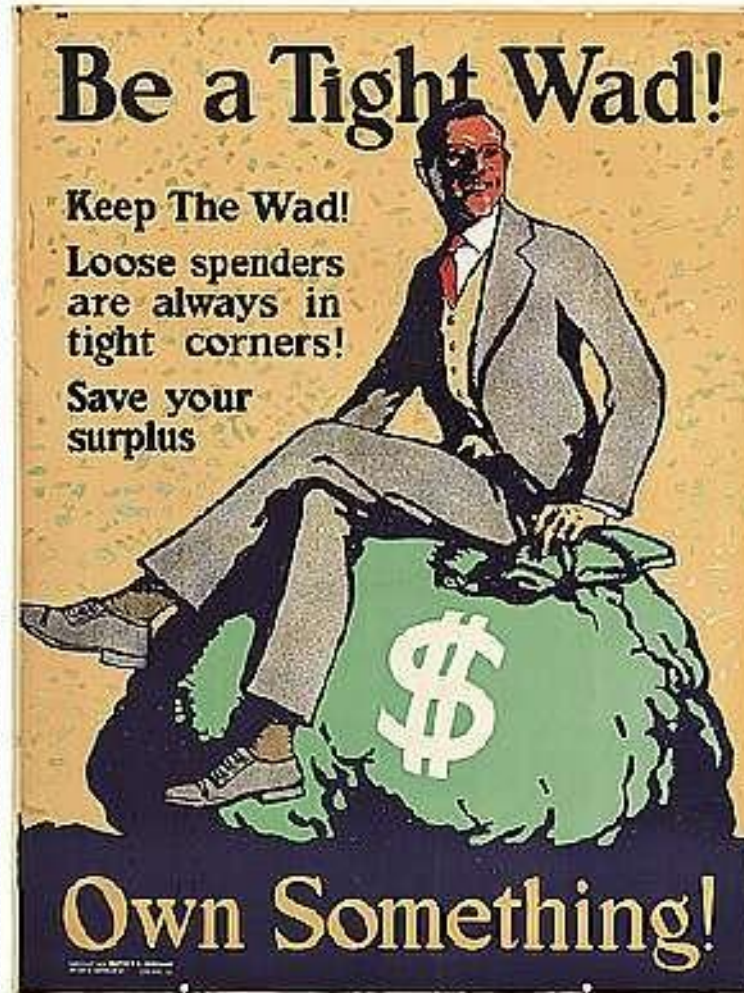
Mandated vs Non-Mandated

- Proposed working definition of “mandate”:
 - Federal regulation
 - Court order
 - Florida statute
 - Existing permit requirement
 - Existing contractual requirement
- Proposed working definition for “non-mandated”:
 - Not required by the above, or
 - Performed to a level above that minimally required by the above

Mandated vs. Non-Mandated

- Recommended General Policy Direction:
 - Review all non-mandated functions
 - Review mandates as they
 - May be aged or no longer relevant
 - May be established at a quality or frequency that is beyond what may be acceptable today
 - May be a function that is outside the core mission of the agency

Revenues and Reserves



Revenues and Reserves



- For a two year period use of certain one time revenues such as reserves or fund balances may be appropriate
- It may also be appropriate to look more aggressively at certain revenue budgets vs actual such as interest earning.


FY11 Budgeted Reserves

Budgeted Reserves	Fund	FY 11 Budget	Service Level Impact
Fuel/STA O&M Reserves	Okeechobee Basin	\$2,000,000	To address fluctuations in fuel prices and for pumping operations during peak summer rains or tropical storm events.
	STA O&M Fund (217000)	\$3,000,000	
		\$5,000,000	
Hurricane Reserves	Okeechobee Basin	\$10,000,000	For storm cleanup and emergency structure repair
	Big Cypress Basin	\$402,611	
	Total	\$10,402,611	

FY11 Budgeted Reserves

Budgeted Reserves	Fund	FY 11 Budget	Service Level Impact
Capital Projects Reserves	Okeechobee Basin Capital Fund (402000)	\$28,384,766	For future capital projects
	EFA Capital Projects Fund (406000)	\$78,160,047	For future capital projects
Contingency Reserves	General Fund	\$3,177,892	District policy establishes a contingency reserve, at 1% of budgeted revenue within each ad valorem tax-supported fund; Potential to reduce by \$4.2M (based on FY 11 revenue).
	Okeechobee Basin	\$4,349,226	
	Big Cypress Basin	\$342,052	
	Total	\$7,869,170	

Ad Valorem Related Interest Revenues

	Budgeted Interest	Actual Interest	 Delta
FY 08	\$8,695,000	\$18,852,069	\$10,157,069
FY 09	\$8,695,00	\$15,391,814	\$ 6,696,814
FY 10	\$7,301,020	\$11,075,771	\$ 3,774,751
FY 11	\$4,239,000	\$ 1,881,185	\$ 2,357,815*
Average 08 -10			\$6,876,211

Recommended General Policy Directions:

- **Consider the use undesignated reserves for capital and economic stabilization reserves for FY 12 and 13 operating budgets**
- **To be measured but more aggressive in budgeting for interest earnings.**

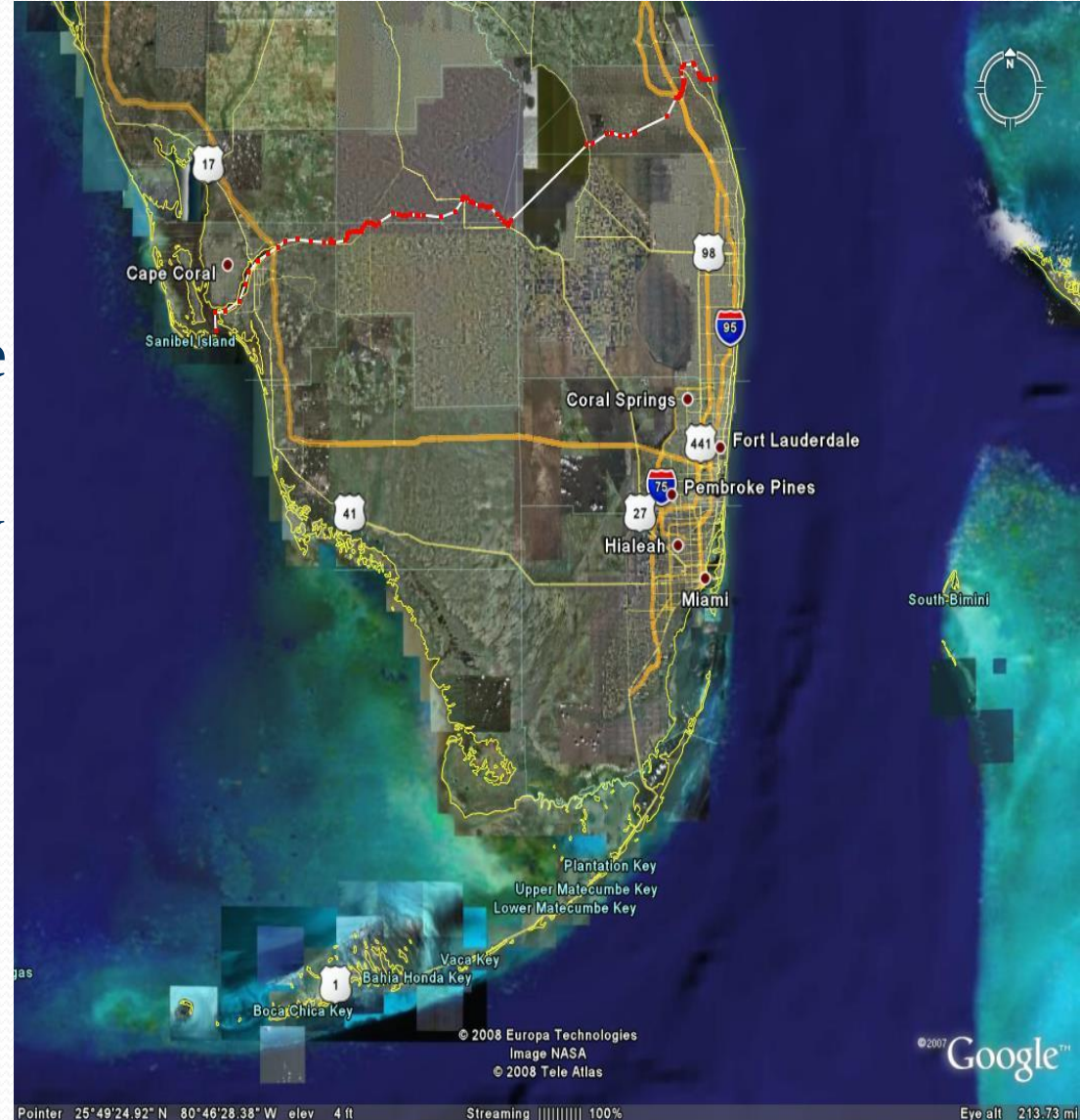
* Interest earned through 12/31/2010

O & M Capital

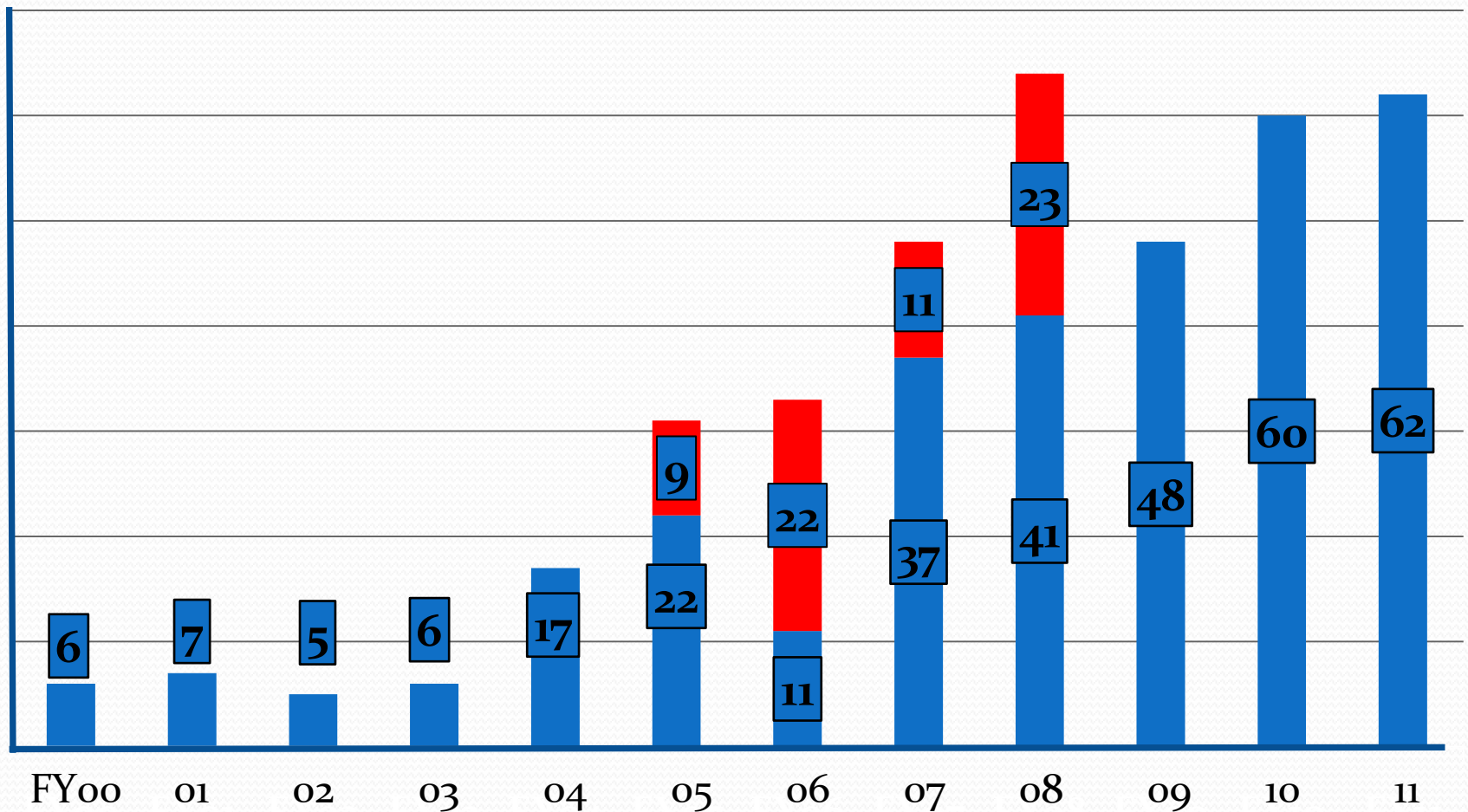


O & M Capital

- Invest in the infrastructure to ensure the agency can:
 - Provide the day-to-day flood protection for South Florida
 - Be able to respond to emergency flood conditions and hurricanes



Capital Repair Program Dynamics



■ Capital Repair Projects

■ Hurricane Repairs & Emergency Projects

Internal Support



Internal Support functions

- District Success Indicators for Administration
 - HR staff ratio at or below 1 per 100 employees (currently 0.93)
 - Information Technology (IT) at or below 5% of the total budget (currently at 3.7%)
 - Critical IT system availability at or above 99% (currently @ 99.9%)
 - Legal expenses to be at or below 1% of the total budget (currently @ .68%)
 - Janitorial costs per s.f. at or below \$1.50 (currently @ \$1.36 s.f.)

Internal Support Functions

- **Administration at or below 10% of total budget (currently 8.78%)**
- **Asset to liabilities ratio of 3:1 or greater (currently 7:1)**
- **Achieve unqualified (positive) opinion from the District's annual independent audit**
- **A 5% or greater allocation of total contract dollars to small business enterprise vendors (currently @ 13%)**

Recommended General Policy Direction: Given good metrics; Administrative Support should roughly shrink or grow commensurate with the size of the organization.

Hold on – It'll only gets faster from here!

Next Steps:

- Strategic Planning (March - April)
- District Budget Development (April – May)
- Property Appraiser Preliminary Taxable Values – (June 1, 2011)
- Property Appraiser Certified Taxable Values (July 1, 2011)
- Budget Workshop and Proposed FY12 Millage Adoption - (July 14, 2010)
- Budget Public hearings:
 - 1st hearing – Sept. 7, 2011
 - Final hearing – Sept. 20, 2011



Questions?

